

COUNTY COUNCIL

OF

HARFORD COUNTY, MARYLAND

Resolution No. 25-13

Legislative Session Day 13-26

November 5, 2013

Introduced by Council President Boniface
at the request of the County Executive

A RESOLUTION of the County Council of Harford County, Maryland, approving the execution by the County Executive of an Agreement for Payments in Lieu of Taxes (the “PILOT Agreement”) with CSFG-UCH ENERGY, LLC, a copy of which is attached hereto and incorporated herein by reference.

1 WHEREAS, CSFG-UCH ENERGY, LLC will design, purchase, install, own, operate and
2 maintain a 2000kW Combined Heat and Power (CHP), tri-generation system at Upper
3 Chesapeake Medical Center, Inc. (the "Hospital") which uses natural gas for the production of
4 electricity, steam, hot water and chilled water for the benefit of the Hospital at 500 Upper
5 Chesapeake Drive, Bel Air, Maryland 21014 (said improvements hereinafter collectively referred
6 to as the "Project"); and

7 WHEREAS, in order to facilitate the qualification for federal energy tax incentives and
8 the operation of the Project, CSFG-UCH ENERGY, LLC has requested that Harford County.
9 Maryland (the "County") enter into a Payment in Lieu of Taxes Agreement ("the PILOT
10 Agreement") with CSFG-UCH ENERGY, LLC pursuant to which the Project will be exempt
11 from County personal property taxes in consideration of CSFG-UCH ENERGY, LLC's
12 agreement to pay a negotiated amount each tax year to the County in lieu of County personal
13 property taxes; and

14 WHEREAS, Section 7-514(c) of the Tax-Property Article of the Annotated Code of
15 Maryland (the "Code") provides, among other things, that a governing body of a county may
16 enter into an agreement with the owner of a facility for the generation of electricity for a
17 negotiated payment by the owner in lieu of taxes on the facility; and

18 WHEREAS, CSFG-UCH ENERGY, LLC is an owner of a facility for the generation of
19 electricity on behalf of the Hospital within the meaning of Section 7-514(c) of the Code; and

20 WHEREAS, pursuant to the PILOT Agreement, CSFG-UCH ENERGY, LLC, its
21 successors or assigns will pay in year one of the term to the County in lieu of County personal
22 property taxes the amount of \$4,300.00 per year, beginning July 1, 2014, and said payment shall
23 continue until the ownership of the personal property transfers to the Hospital but not later than
24 June 30, 2035, as provided in the attached PILOT Agreement; and

25 WHEREAS, the County has determined that it should enter into a PILOT Agreement on
26 the terms set forth herein in order to facilitate the maintenance and operation of the Project and

1 hereby make the resources of a fully functioning community hospital in times of power failure
2 available to citizens of the County and to continue to partner to share resources with the Hospital
3 in the event of significant power failure in the County.

4 NOW, THEREFORE, BE IT RESOLVED by the County Council of Harford County,
5 Maryland, that the County Executive be, and he hereby is, authorized and empowered to execute
6 and deliver the PILOT Agreement, which is attached hereto and incorporated by reference
7 herein, on behalf of the County; and

8 BE IT FURTHER RESOLVED, that the County Executive, prior to the execution and
9 delivery of the PILOT Agreement, may make such changes or modifications to the PILOT
10 Agreement as he deems appropriate in order to accomplish the purpose of the transaction
11 authorized by this Resolution, provided that such changes or modifications shall be within the
12 scope of the transaction authorized by this Resolution, and the execution of the PILOT
13 Agreement by the County Executive shall be conclusive evidence of the approval by the County
14 Executive of all changes or modifications to the PILOT Agreement and the PILOT Agreement
15 shall thereupon become binding upon the County in accordance with its terms; and

16 BE IT FURTHER RESOLVED that this Resolution shall take effect on its adoption.

ATTEST:


Melissa Lambert
Acting Council Administrator


Billy Boniface
President of the Council


David R. Craig
Harford County Executive

ADOPTED: December 17, 2013